

21

**Hocking, Wendy A - Washington, DC**

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**From:** Finazzo, Krista A - Washington, DC  
**Sent:** Tuesday, September 27, 2011 6:30 PM  
**To:** 'Leo Raymond'  
**Cc:** Williams Jr, David E - Washington, DC; LaChance, Susan M - Washington, DC  
**Subject:** Today's Presentation (MFSA)  
**Attachments:** Network Optimization Industry Briefing 092611.pdf

Leo,

Thank you again for allowing us to share information with your membership on the Network Optimization efforts.

Attached is the presentation Dave reviewed today.

Krista



Network  
Optimization Industry



# Network Optimization Concept

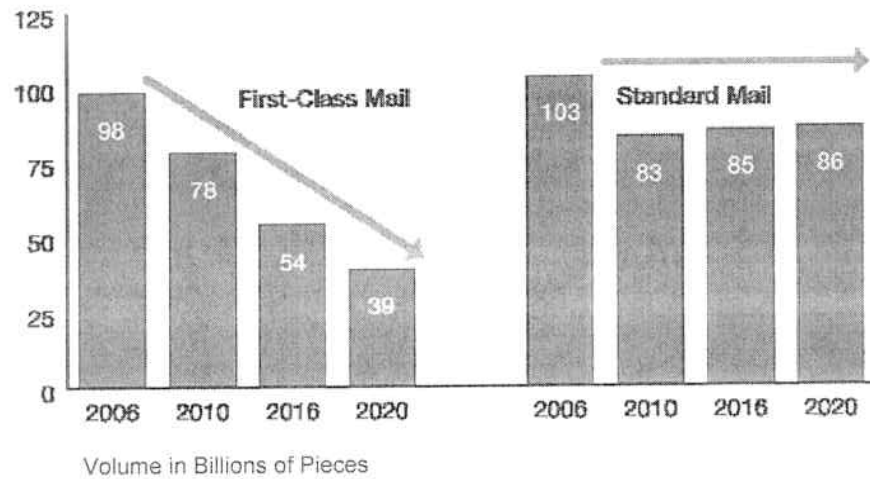
## Network Optimization Overview

- Volume Realities
- Current and Future Mail Processing Infrastructure
- Plan for Change
- Next Steps



UNITED STATES  
POSTAL SERVICE®

## Mail Volume Shifting to a Less Profitable Mix



3



UNITED STATES  
POSTAL SERVICE®

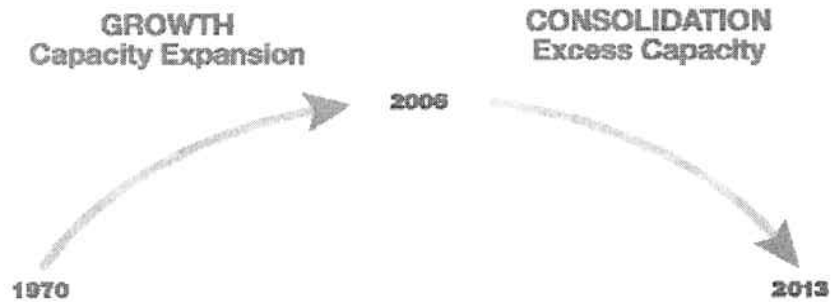
## NETWORK CAPACITY

**GROWTH**  
Capacity Expansion



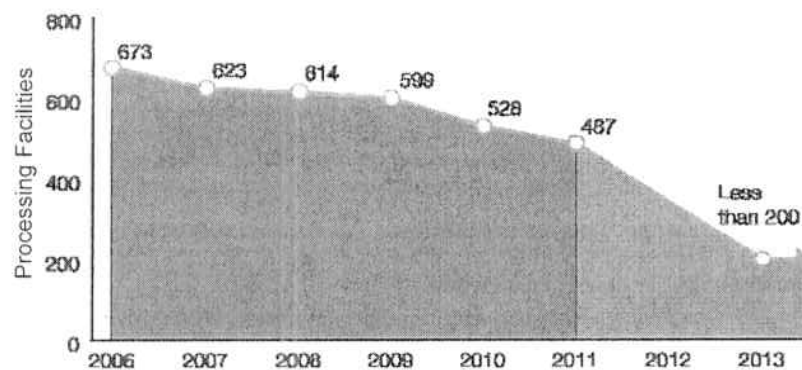
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## NETWORK CAPACITY



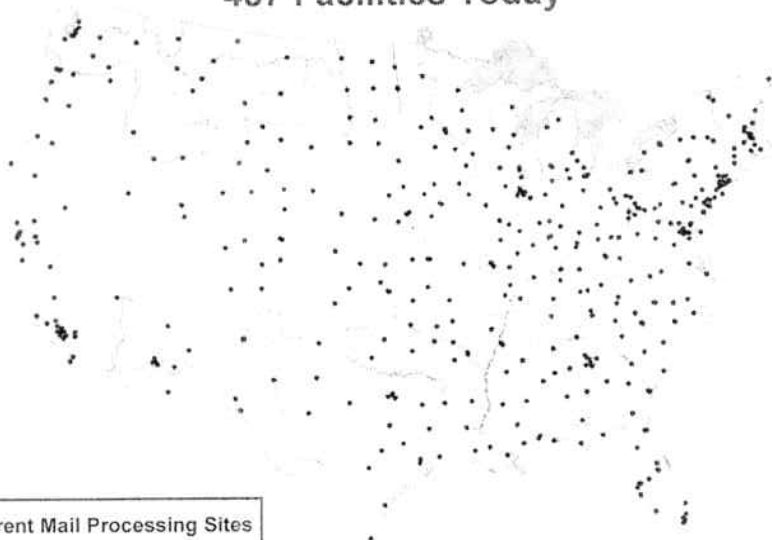
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### Potential Decrease in Processing Facilities Through 2013



5  
As of 8/31/2011

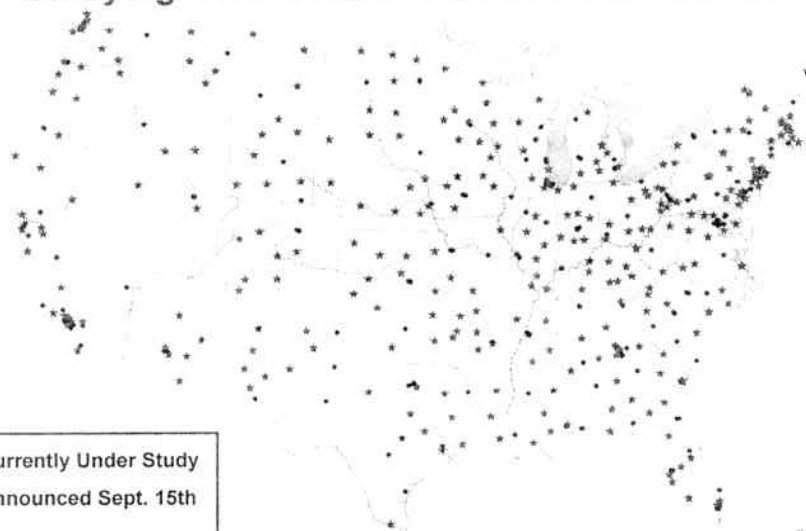
487 Facilities Today



• Current Mail Processing Sites

7

Studying 252 Facilities for Potential Closure



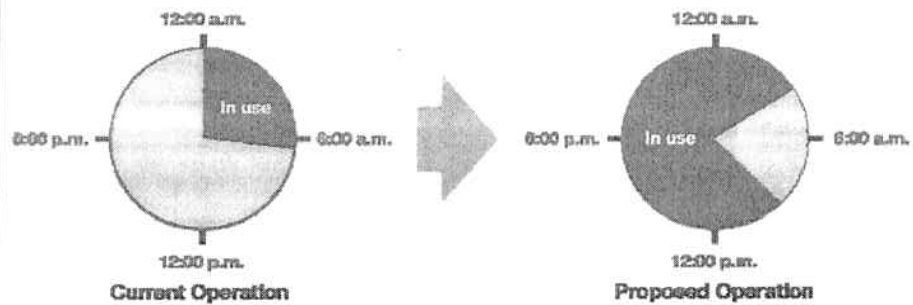
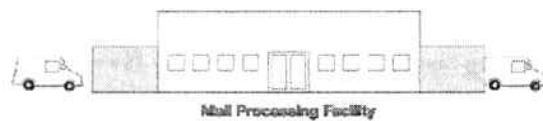
★ Currently Under Study  
★ Announced Sept. 15th

8

Potential Network



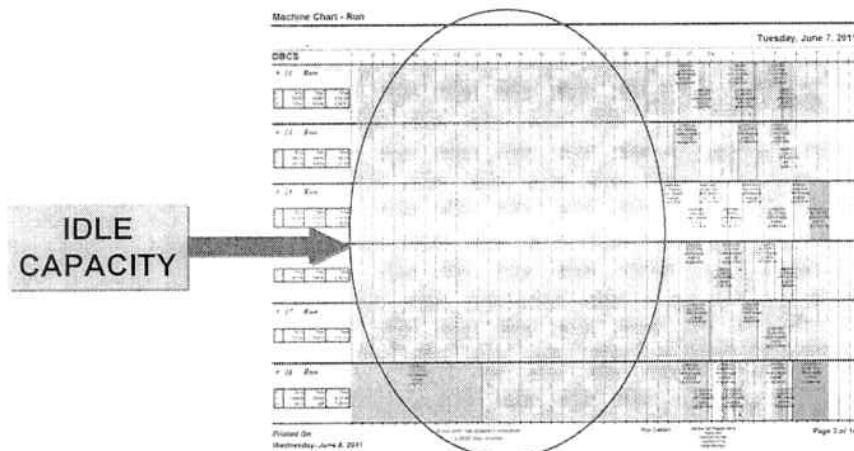
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10

### Illustrative Example

Network infrastructure driven by operating windows constrained to meet current First-Class Mail overnight service commitments

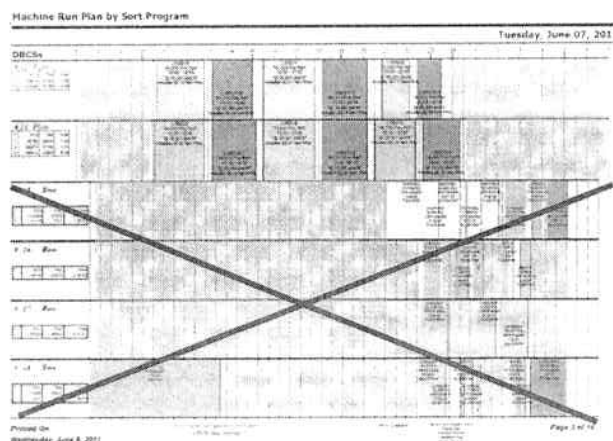


### Illustrative Example

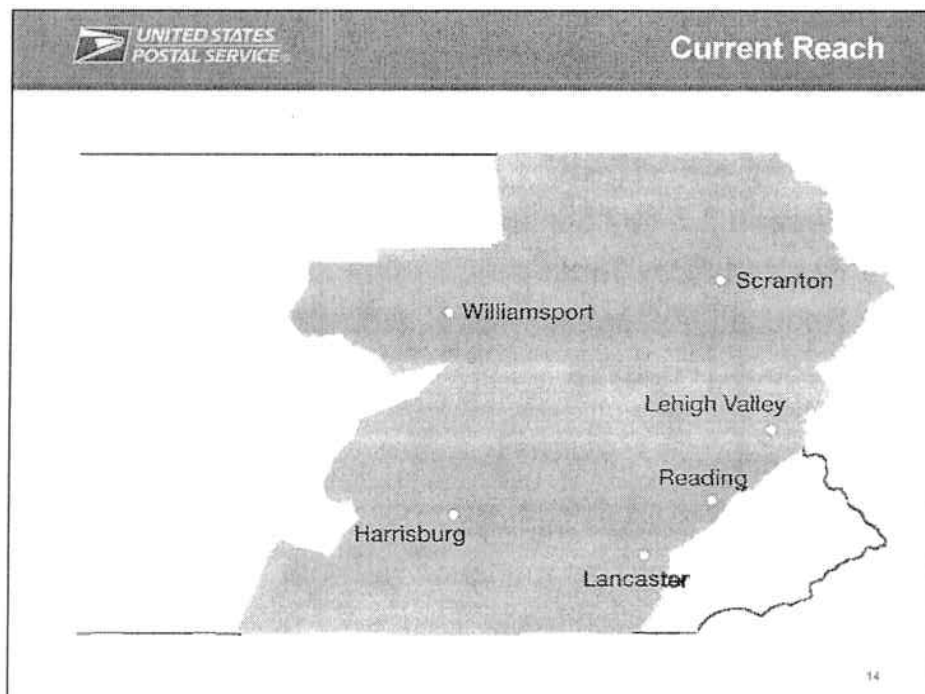
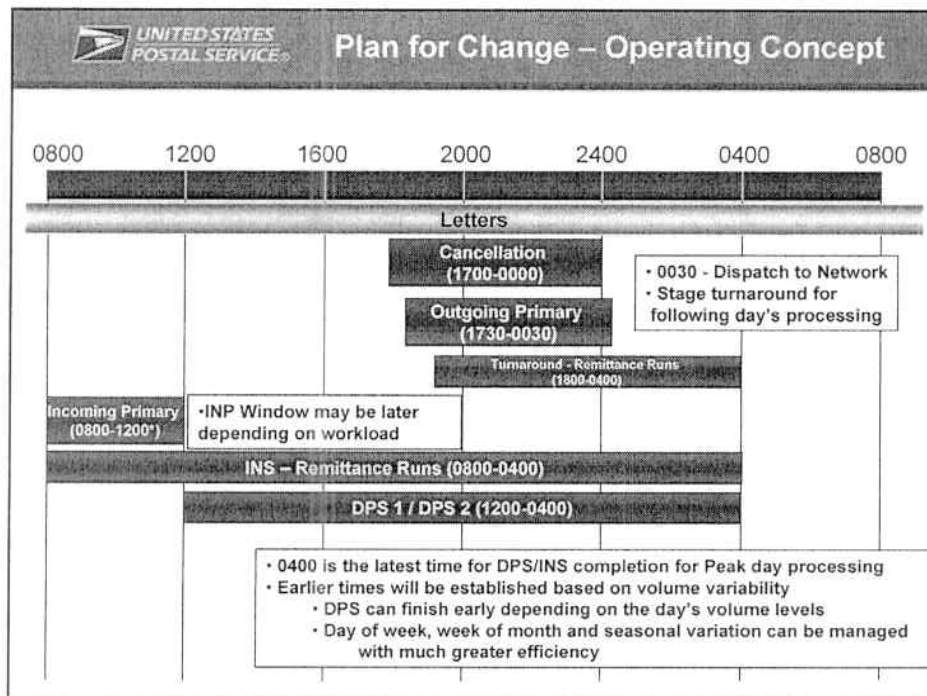
### Processing Consolidated onto Significantly Fewer Machines

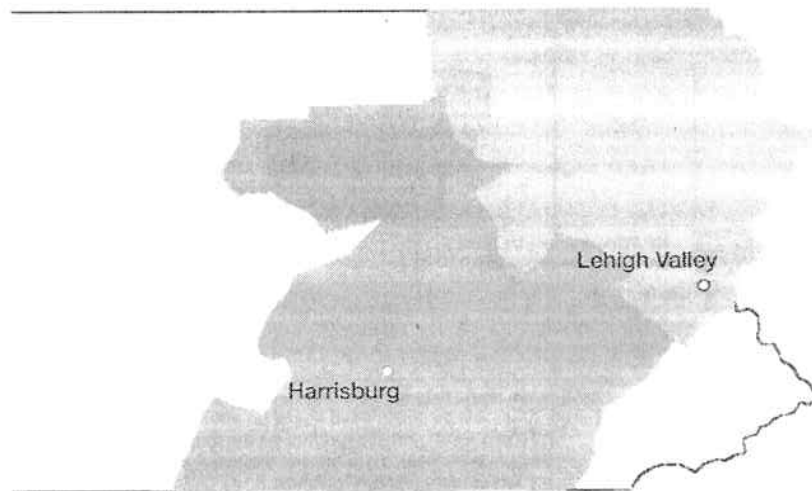
**Example:**  
6 machines  
consolidated to 2

### Fewer machines needed for longer window









### FUTURE NETWORK

- Support 2-3 day Service Standards
- Revised Entry Times
- Reduced Equipment ~ 50 % reduction
- Reduced Footprint

### BENEFITS

- Eliminate Excess Capacity
- More Efficient Transportation Network
- Fully Utilized Workforce
- Up to \$3 Billion Cost Reduction

**CHANGES**

- Planning for new mail processing footprint and transport pattern
  - Transitioning to 2-3 day service standard
- 

**OUR APPROACH**

- Industry-specific strategies
- Ongoing communication and collaborative mitigation of issues

17

**559,000**

Total Career Employees

**151,000**

Total Mail Processing Employees

**35,000**

Fewer Mail Processing Positions

18



**Fewer facilities, greater  
utilization and efficiency**



**Earlier mail availability driving  
more efficient local delivery**



**More retail partners and  
kiosks, more online, fewer  
brick and mortar Post Offices**

**\$6.5 Billion  
Cost Reduction  
by 2015**

**THE RESULT**

**Highly efficient, low cost,  
national delivery platform**

19

**2011**

- **September 15**
  - Announce AMP Studies and Advance Notice of Proposed Rulemaking
- **Mid-September**
  - Notice published in Federal Register
- **Mid-October**
  - Comments due on FR notice
- **November**
  - AMP Public Input Meetings held in Nov-Dec
  - Working toward a Nov PRC filing (need to obtain approval to file from the Postal Service Governors)



**Questions and additional  
comments, please contact:  
[industryfeedback@usps.com](mailto:industryfeedback@usps.com)**